

Welcome to Module III

Grants and Cooperative Agreement Funding

Speaker:

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Program Planning

- Approved project periods and associated funding levels should be based on the requirements of the project and the availability of funds.
- Lack of strategic planning will result in the undue need for no cost/low cost extensions, significant unobligated balances, and/or supplements.

Current Needs of the Project

- Grant funds are obligated to grantees based on a “bona-fide” need.
- Grant funds are not obligated for unknown or contingent activities.
- The agency must have an expectation that the grant funds will be used for known current-year costs and needs.

Project/Budget Periods



Project Period System

- Grant projects may be approved for a multi-year period.
- Awarded in annual increments called budget period(s).

Definition of Project Period

- May not exceed five years without a deviation from grants policy.
- Factors to determine the length of a project:
 - The length of time that the applicant requests to complete the project;
 - The timing of any subsequent objective review appropriate for technical/programmatic reasons;
 - Limitation placed on the project by the objective review panel/field readers;
 - Applicable statutory/regulatory requirements.
- There are circumstances that may extend a project beyond 5 years:
 - competing continuation award for the same project;
 - no/low cost extension of up to 12 mos.

Project Period System

No Cost Extensions

- No cost extensions are allowed up to 12 months – GMO approval.
- No cost extensions beyond 12 months (e.g. 18 mos.) are considered a deviation from grants policy and require CGMO, Grants Policy approval.

Budget Period

- Annual increments;
- Budget periods for less than 12 months must be approved by the CGMO, Grants Policy.
- Multi-year projects are permissible under law, construction projects or major alterations and renovations.

What Happens to Grant Funds that are not Expended in the Authorized Budget Period?

- Valid obligations incurred by the recipient in one budget period may be liquidated in a subsequent period.
- Unobligated balances remaining from funds awarded in one budget period may be carried over to a successive budget period.

Successive Annual Appropriations

- Unless otherwise stated in statute, grants must be fully funded from successive annual appropriations following the initial budget period.
- Fully funded represents the entire Federal portion of an approved budget period.
- Grants are funded on the anniversary date of the award annually.

Exceptions for Successive Annual Appropriations

- Situations beyond the awarding office's control may warrant the CGMO to approve exceptions for successive annual appropriations.
- Other administrative reasons for exceptions are: change of grantee institution/replacement grantee or suspended activity due to the temporary absence of key personnel on a grant/cooperative agreement.

Availability of Funds for Expenditure

- Unobligated balances – are available for carryover with exception of those that are restricted as outlined in the terms and conditions of the NoA. Refer to IHS Circular 05-03 for procedures:

http://www.ihs.gov/PublicInfo/Publications/IHSMannual/Circulars/Circ05/Circ05_03/cir0503.htm#5

Enforcement Actions



Termination of an Award

Funds authorized for carryover are available to the grantee for expenditure unless a grant is terminated. No additional support under that award may be provided.



Withholding Payment “Suspension”

- Awarding office may “temporarily” withhold payment/support. Suspending a grant must be coordinated between DGO, Division of Payment Management, and Program.
- Generally, a grant is suspending because a grantee has materially failed to meet the terms and conditions of the grant.

Non-competing Continuation Award Withheld

- Why would an agency withhold a continuation award?
 - The program does not have adequate funds to support the project,
 - A grantee is delinquent in submitting required reports,
 - A grantee fails to show satisfactory progress toward achieving the approved goals and objectives of the project,
 - A grantee failed to comply with the terms and conditions of the award,
 - A grantee is no longer eligible due poor management practices,
 - Any reason that would indicate that continued funding would not be in the best interest of the Federal government

Supplements



Types of Supplements and Definitions

- Administrative supplements – This type of supplement is an addition to the current budget period for costs that were approved within the original scope of work.
- Program expansion supplements – This type of supplement provides additional funding under a project for the expansion of the project's scope.

Administrative Supplements

- Requested by grantee and does not need to undergo objective review unless a single supplement exceeds 25% of the total approved direct cost budget.
- Regardless of the supplemental amount, GMO must review to determine if the requested costs are in line with the current goals and objectives.

Administrative Supplements

- If the supplement is different from the previously approved goals and objectives, it is automatically considered a program expansion and must be competed.
- Administrative supplements should not be awarded if the grantee has an adequate unobligated balance that will support the current year's need.

Program Expansion Supplements

- Program expansion supplements may be requested by the grantee “or” initiated by program staff.
- Program expansion supplements are subject to competition requirements.
- Program must determine whether the competition is limited to a certain pool of applications, one applicant, or all applicants.

Summary of Requirements for Administrative and Program Expansion Supplements

To fund a low-cost extension of the final budget period of a project period.	Grantee-initiated	Generally for salary costs; may not exceed 25 percent of approved Federal direct cost budget for the budget period to be supplemented.
To meet increased costs within the scope of the approved project that take effect during a current budget period and were not foreseen at the time of application.	Grantee-initiated	Less than 25 percent of the total approved direct cost budget for the budget period to be supplemented.

Program Expansion Supplements

Purpose	Initiator	Limitations
Expansion of project size or scope or change in protocol requiring additional funding.	IHS: may involve limited competition Grantee: may indicate a change in scope	Must be objective review and compete for available funds. Exceptions to maximum competition follow the AAGAM requirements – 2.04.104A
One-time activities undertaken at awarding office initiative that add effort, personnel, or activities not included in the approved award/budget.	Awarding office due to additional funds received from external/internal sources.	All such requests should be considered a program expansion and treated as such...
Supplemental funding exceeding a specified level (dollar amount or percentage).	Administrative supplement that exceeds 25% of the direct cost budget. Must be treated as a program expansion. Requires PA and objective review.	CGMO may approve a single case deviation from review process up to one time for the entire competitive segment.

Unobligated Balances



Definitions

- Unobligated balance – the portion of the funds authorized by the Federal agency that has not been obligated from a previous budget period by the grantee/recipient.
- Carryover balance – the unobligated funds (as described above) from a previous budget period authorized for use to cover allowable costs incurred in a current budget period.
- Unliquidated obligations – amount of obligations incurred by the grantee/recipient that has not been actually paid.

Things to Consider by GMO and Program Official re: Unobligated Balances

- The GMO, in conjunction with Program, should consider the following when reviewing unobligated balances that exceed 25% of the total authorized award:
 - Whether there are patterns of significant balances;
 - Time remaining in the project period and whether funds can be spent within the remaining time;
 - The nature of the grant and required costs;
 - Whether the recipient is making/has made adequate progress.

What Happens Next?

- Depending on outcome of GMO/PO assessment of unobligated balances funds may be:
 - deobligated
 - authorize all or some of the funds to be carried over
- If carryover is approved the GMO/PO may allow the grantee to use the funds for previously approved activities.

That's a Wrap...



Policy Sources to Support Presentation

- HHS Awarding Agency Grants Administration Manual, 2.04.104B, Grants and Cooperative Agreement Funding
- Indian Health Circular, 05-03, IHS Carryover Policy

Future Trainings

- Module 4 – Grant Awards...August (date to be announced) – WebEx available to our national programs; recording of session will be made available
- GATES Training for Program and Grants – July 17 & 18, 2007

Questions?

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